For the 12 months ended December 31, 1985.

Insurance Corporation of British Columbia

BC Partners in Enterprise

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Report of The Board of Directors

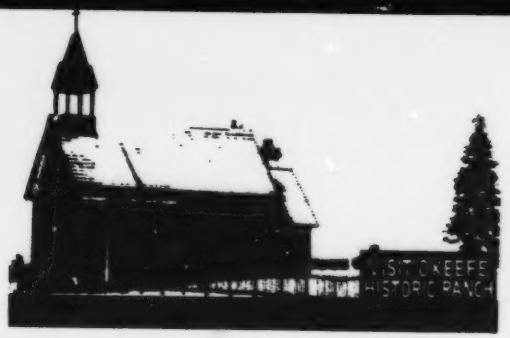
The Insurance Corporation of British Columbia endeavors to provide automobile insurance coverage to the motorists of British Columbia at cost, with revenue and expenses in balance. Each year the premium rate structure is determined in advance, based upon anticipated claim costs, expenses and investment income.

In 1985, actual claim costs and expenses were less than expected and income from investments and premiums was more than anticipated. Total revenue amounted to $901 million, while claims incurred and operating expenses totalled $827 million. The net income for the year was $74 million, or 8% of revenue. As a result of our 1985 experience and current expectations, we are pleased to be able to reduce 1986 premiums to B.C. motorists by an average of 6.5%. This reduction will take place at a time when automobile insurance rates in other parts of Canada are being increased by as much as 20%.

Although the Corporation has consistently achieved its mandate to break even, this year was an exception, as was 1980 when a $68 million loss was recorded. To alleviate the impact on premiums of such excessive losses should they recur, the Corporation has, in a repeat of the program established nearly 10 years ago, appropriated $60 million to a Rate Stabilization Reserve.

The situation of tight reinsurance markets and high costs for liability coverage, much reported in the press, has been addressed in the establishment of a $20 million Catastrophe Reserve which will provide financial stability to the Autoplan Fund and enable better management of the necessary purchase of reinsurance coverage in unsettled times.

At 2.0 million, the number of new and renewal Autoplan transactions increased marginally over the previous year. Total premiums earned were $742 million, an increase of 4% over 1984. There were no significant changes in the buying patterns of the public and the mix of basic and optional coverages remained fairly constant.



Claim costs totalled $654 million, 1% lower than the previous year, largely due to reductions in provisions for injury-related claims of prior years. The number of physical damage claims increased by 8% over 1984, and the cost per claim increased. The number of injury related claims increased by less than 1% while the average cost increased significantly.

For the fourth consecutive year the number of deaths related to motor vehicles declined, 6% lower than 1984.

Investment income for the year was $158 million, 18% of the total revenue of the Corporation and 24% higher than the previous year. This was due in part to improved average investment yields and increased funds available for investment. Investment income continued to have a major impact on limiting the premiums paid by the motorists of B.C. Investments in British Columbia were increased by over $83 million.

The Corporation continues its 50% co-sponsorship of "CounterAttack" with the Ministry of Attorney General, and is proud of the achievements of that program and the Corporation's own extensive traffic safety programs in schools and communities throughout the province. "CounterAttack" has contributed to a reduction in serious injuries and deaths resulting from vehicle accidents. There is high hope that this favourable trend will continue. British Columbia now has the highest seat belt wearing rate in North America.

Administrative expenses decreased from 1984 by 8% as watchful management continued to implement efficiencies to improve productivity and streamline programs. The decrease is largely the result of a continued reduction in manpower as average staff was reduced by 54 administrative employees. Consequently, although there were increases in the volume of both policies and claims, the Corporation operated in 1985 with about 5% fewer administrative employees than in 1984.

Claim operations expenses at $65 million were $2 million more than the previous year. The average number of employees involved in claim settlements remained the same despite an increase in the total number of claims reported.

Commissions earned by Autoplan agents increased by $3 million over the previous year, reflecting the increased volume in policies written during the year, modestly higher commission rates and the impact of the first full year in which these agents handled business formerly conducted by Motor Licence Offices of the Ministry of Highways and Transportation.

The Corporation has agreed to return to the government the retained earnings arising from the operation of the General Insurance Division. The amount, $8,694,000, has been recorded as a liability in the financial statements, to be discharged in 1986.

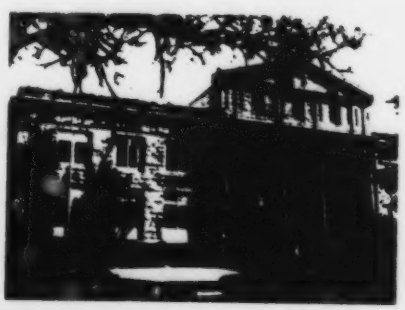
During 1986, the year in which British Columbia will host EXPO 86, a world exposition on transportation, the Corporation is pleased to be in a position to reduce the automobile insurance premiums of B.C. motorists.

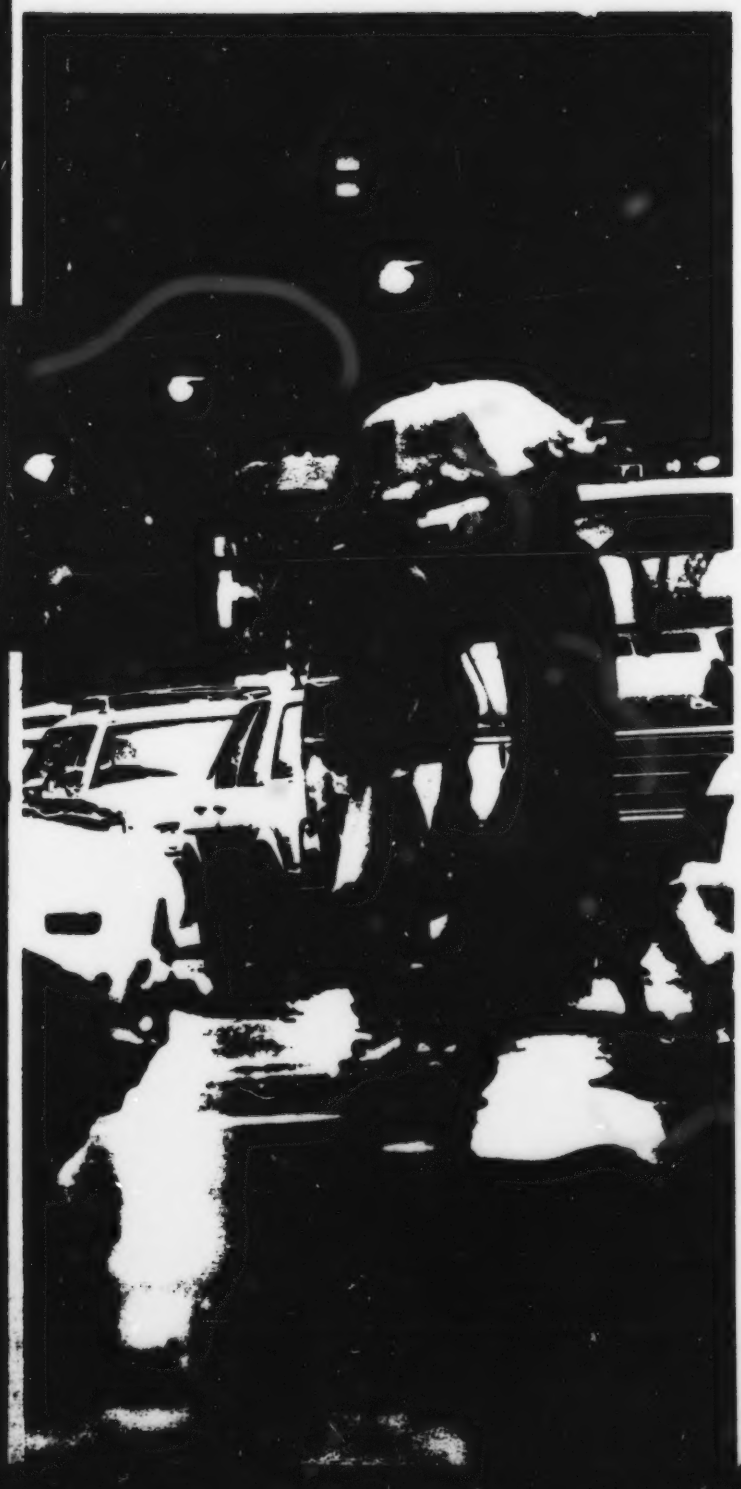
The Board of Directors gratefully acknowledges the dedication and achievements of all the Corporation's management and staff during 1985, and is confident that their continued efforts will successfully meet the challenges of the year ahead.

Raymond J. Addington
Chairman of the Board

Thomas E. Holmes
President and Chief Executive Officer

On behalf of the Board of Directors
Insurance Corporation of British Columbia
February 24, 1986





Answers to your questions about Autoplan premiums.

Consumers continue to be concerned about the mounting costs that confront them each year. Motorists are asking, for example, what they get for their money and why their insurance premiums have increased so much in recent years.

This section of the Report is devoted to answering some of the more frequently asked questions. Autoplan premiums are discussed and so are the contributing factors that affect them. It explains where premium money goes and why most of ICBC's premiums are lower in 1986. There is also a comparison of average B.C. Autoplan premiums and those in other provinces. And it takes a look at who pays the cost for accident-prone drivers.

If, after reading this section, you have other questions please address them to the Public Information Department, ICBC, 151 W. Esplanade, North Vancouver, B.C. V7M 3H9.

Where does my premium money go?

Your premium money is used to pay claims. This often means more than just replacing a windshield or straightening a fender. It can consist of a multitude of services and benefits, many having a profound effect on human lives.

These may include the ambulance that takes the injured victim to the hospital, and critical medical care. Rehabilitation may involve physiotherapy, occupational training, and special equipment such as braces and wheelchairs and, in some cases, home renovations.

Other costs involved in settling an injury claim are legal fees, police report fees, court costs, funeral expenses and payments to survivors. Property damage claims involve the costs of labour and parts for vehicle repairs, or dollars to replace a vehicle when the cost of repairs exceeds its market value.

The administering of claim settlements is another item to be paid, as well as commissions to Autoplan agents, and grants to municipalities in lieu of property taxes wherever ICBC offices are located.

In the case of a serious accident, no amount of money can compensate for lost lives, life-long injuries and lost hopes, but it is your premium dollars, as a vital part of the Autoplan Fund, that must make the attempt to go beyond straightening a fender or replacing a windshield, to making life as bearable as possible for the seriously injured victims of traffic accidents.

And the costs are high!

In major awards, the courts must predict future costs of medical care and personal needs as well as the rise of inflation. It is this area of predicting future costs that results in some of the very high awards we hear about. The tendency is to award on the generous side rather than risk the possibility of providing too little.

It is encouraging to note that an increasing number of victims today are choosing a 'structured' settlement rather than the 'lump sum' payment that has been the usual settlement in past years. While a lump sum settlement gives an individual the ability to direct his own investments, it involves an element of risk with those investments and future financial security.

The structured settlement provides a guaranteed, risk-free, tax exempt income for life. It can be indexed against inflation and provides more money in the long run. Tailored to individual needs, it is ideal for a seriously injured young person who will require medical attention and care for life.

The current trend to large awards means that premiums must increase accordingly. This is a fact that every car owner must contend with and ultimately pay for, as long as serious accidents continue to be a part of everyday life.

Example: $800,000 settlement

Non-pecuniary (pain and suffering)	$150,000
Future care	350,000
Past/Future wages	250,000
Investment manager's fee	50,000
Total	$800,000

LUMP SUM SETTLEMENT	$800,000
Less:	
Lawyer's contingency fee (estimate)	$200,000
Investment manager's fee	50,000
Balance	$550,000
$550,000 invested @ 10% per year	$ 55,000
Less income tax @ 30% per year	16,500
Income per year	38,500
Net income received over 40 years	$1,540,000

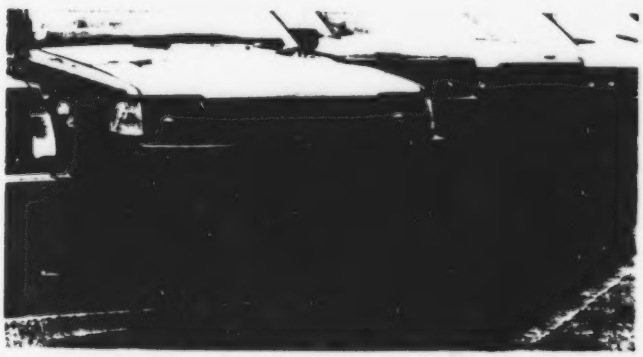
LIFETIME STRUCTURED SETTLEMENT (this example shows the income guaranteed for a minimum of 40 years)	$800,000
Less:	
Advance payment	50,000
Lawyer's contingency fee (estimate)	200,000
Balance	$550,000
Total income in 1st year	$ 33,617
(Payments indexed @ 3% per year)	
Total income in 40th year	106,466
Net income received over 40 years	$2,800,000

How is my premium calculated?

Several factors are considered in calculating your Autoplan premium and these are blended to give you the insurance you need at the fairest and most economical rate.

The first factor is your automobile. How old is it? What kind of a vehicle is it? What is its current market value? It's logical that a 1979 compact will cost less to insure than a 1986 sports car because it will cost less to repair if it is damaged or if it is a total loss.

Next, the purpose for which you use your car is taken into account. Do you drive to work every day? Do you use your car for pleasure only? Do you use it for business driving? The more you use your car, the more you increase your chances of being involved in an accident, even though you are an alert and careful driver.



The third factor concerns where you drive. It will cost more to insure a vehicle in the Lower Mainland than one driven in the Okanagan, simply because there is more traffic in the Lower Mainland and that increases the risk of an accident.

The next consideration is your claim record. It stands to reason that if you haven't made a claim for four years, you should pay less for your insurance than the driver who has made two claims in the same period of time.

You can control all of these factors: the age and value of your vehicle, where you drive it, the purpose for which you use it, and most important of all, *how* you drive it.

Unfortunately, there are also elements you can't control. Nor can we. These include the constantly escalating costs of labour and parts required to repair cars; the costs of hospitals, medical care and legal services. They all continue to climb with every passing year. They all contribute to the cost of driving. They all figure in the calculation of your premium.

Is the Claim-Rated Scale fair?

We think so. The Claim-Rated Scale in British Columbia ensures that those drivers who cause accidents pay more for their insurance. Their premium increases every time a claim is paid for them.

If you're a responsible driver with no claims against you, the maximum four-year claim-free discount of 40% is yours. In 1985, more than 80% of the drivers in this province earned the maximum discount. This does not mean, however, that only 20% have accidents. Records indicate that nearly everyone will have a claim at least once in every 14-year driving period.

Claims are a fact of life.

We know. Because last year we insured over 1,800,000 vehicles and paid out an average of *two and a half million dollars in claims every working day of the year.*

When you consider all of the facts, we hope you agree that behind the cost of your Autoplan premium is a corporation dedicated to serving you efficiently and enthusiastically.

Are my premiums higher in B.C. than in other places in Canada?

No, they are not.

They are lower than in areas of comparable size.

Independent surveys and our own comparisons show that the average premium cost is *lower* in British Columbia than in other provinces in Canada.

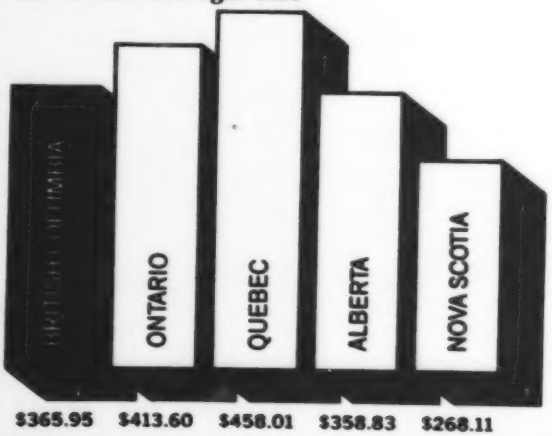
In fact, while you'll enjoy premium reductions in 1986, motorists in other provinces are facing increases in premiums, some of which are very substantial.

For example, Quebec car owners may expect increases of up to 20% due to a rise in the number of accidents in that province. Insurers of automobiles in Ontario say they need premium increases of 20% to an alarming 30%.

Yet in B.C. premiums are reduced.

For one thing, ICBC's administrative costs are among the lowest in the insurance industry in North America. Take a look at the cost of your Autoplan premium in direct comparison to car insurance in the other provinces.

Comparison of Average Premiums for Private Passenger Cars



Source for provinces other than B.C. is the Insurance Bureau of Canada's Green Book – a yearly compilation of claims experience reported by all members.

The rating year 1984 as defined in the Green Book was used. The report which covers all policies issued between July 1, 1983 and June 30, 1984, provides the most up-to-date figures available.

The premium shown for Quebec is a combination of the coverage offered by the private sector and the government plan in Quebec, averaged over two fiscal years from April 1, 1982.

Will my premium ever go down?

Yes, it will.

In 1986.

Autoplan premiums for 1986, have been reduced by 6.5% on average.

Over 1.4 million car owners in British Columbia will enjoy premium reductions that will range from $25 to over $100.

In fact, motorists in B.C. will pay $40 million *less* in premiums in 1986.

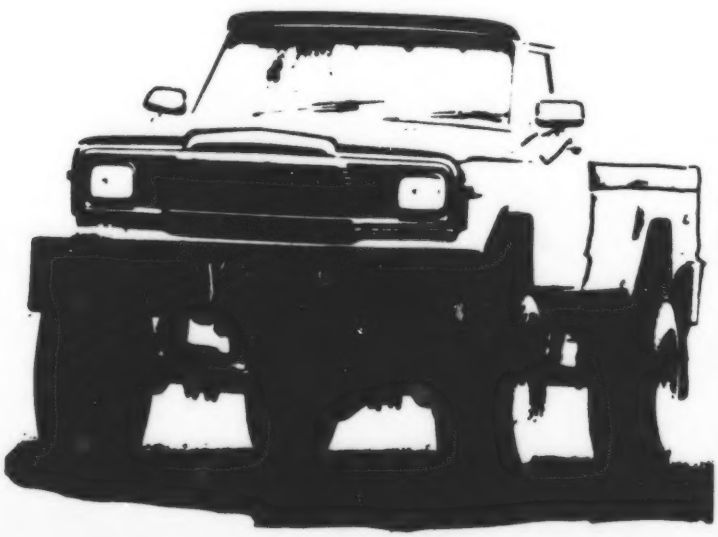
In addition, more than 80% of the Corporation's policyholders who are now earning the maximum four-year claim-free discount of 35%, will see this discount increased to 40%.

Major reasons for 1986 premium decreases are encouraging. There has been a drop in traffic-related fatalities and serious injuries in British Columbia. Normally, these are the most costly and the most tragic claims that the Corporation must deal with.

Also, there is an increased awareness of safe driving.

Drivers in B.C. now lead the nation with a 72% seat belt use rate. This is another factor that has helped to reduce Autoplan premiums in the province.

Finally, continuing expense control within the Corporation and the income from its investment portfolio have also played positive roles in reducing premiums for B.C. motorists.



The people of ICBC

Approximately 2,300 ICBC people live in 35 strategically located centres around the province where the Corporation maintains claim offices. They actively support these communities and their contributions to both financial and cultural life are substantial.

Many were born and raised in the province, while others have chosen to come here. But no matter where they come from, they all seem to have a number of common traits.

They are proud of ICBC and have a sympathetic understanding of the problems of the motorists they work with each day. They take special pride too, in their community and many work at making it an even better place in which to live.

In the following pages, we visit some of these centres, meet some of the ICBC people and tell you about their involvement in their communities.

Chilliwack

Terry Condon, Manager of the Chilliwack Claim Centre says, "ICBC is a significant force in this Fraser Valley community." The Chilliwack Claim Centre also serves Boston Bar and Hope, both located on major highways. These communities, with 21,782 vehicles, had over 9,000 Autoplan claims last year, resulting in payments of $6.8 million.

Terry, who is very involved in community affairs, believes in a roll-up-your-sleeves approach to this work. While serving on the executive committee of the Chilliwack Community Arts Council, he was instrumental in locating the premises for the new Arts Education Centre and securing Provincial and B.C. Lotteries funding. Built for less than $1 million, the Centre has a 350 seat theatre and provides modern facilities for concerts, drama and other entertainment. It is a focal point for activities appealing to all ages.

Terry is admiring of the Autoplan agents in the area who also contribute a great deal of time and effort to community projects. One example is Gerry McGaw, owner of McGaw-Empress Agencies Ltd., who, as chairman of the Hospital Board assumes major responsibilities in the development of a $27 million health care expansion program.

Autoplan agent Gerry McGaw and Etta Richmond, Chief Executive Officer of the Chilliwack General Hospital, with the architect's drawings and a model showing expansion plans for the hospital.

Terry Condon in front of the Chilliwack Community Arts Council Education Centre, opened in September 1985, a project to which he devoted extensive hours and effort.

Salmon Arm

Ann Cannell, Salmon Arm's Property Damage Adjuster, and R.C.M.P. Constable Gary Clarke-Marlow showing "Room to Live," ICBC's movie encouraging the use of seat belts.

ICBC's Claim Centre in the beautiful community of Salmon Arm also serves motorists in the Revelstoke area. 4,661 claims for $2.9 million were processed here in 1985.

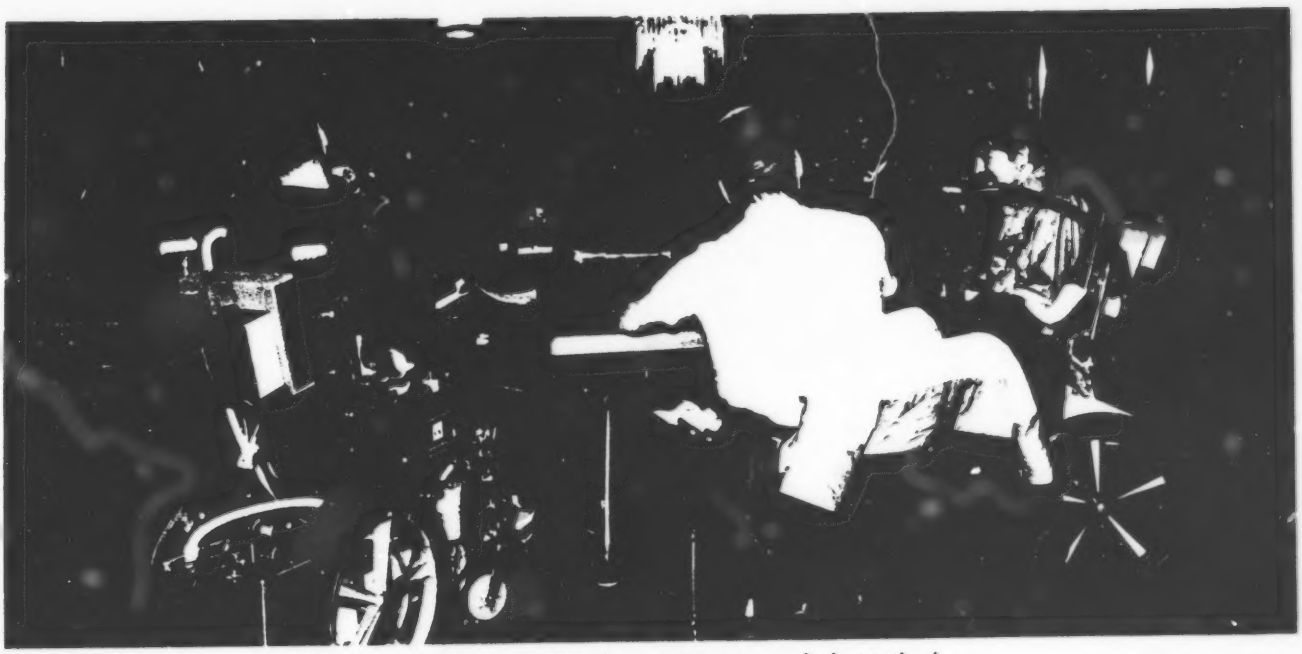
The ICBC staff and the community generally, are becoming more safety conscious and are working to reduce the number of accidents. Ann Cannell, Property Damage Adjuster, is a member of the Salmon Arm Traffic Safety Committee – a group of community leaders which includes doctors, teachers, police officers and representatives of various service clubs.

The use of seat belts is one of their chief concerns. They have been successful in organizing a plan whereby anyone caught driving without a seat belt on, is given the choice of paying the fine or viewing ICBC's film "Room to Live." The committee members are also working with local lounge and bar staff to encourage 'cooperative drivers' – arranging for one member of a group to be the designated driver who doesn't drink on that occasion.

Several of ICBC's staff members have been involved in the planning and development of Salmon Arm's new community centre. Looking over site plans for the new complex are Doug McKay, Bodily Injury Adjuster who represents the Kinsmen Club, and Allan Smith, Estimator, who is active with the local swim club and bantam hockey.

Vancouver

Rehabilitation Breakthrough: "Creekview 202"



The Creekview colleagues are responsible for all the administration and purchases, and meet on a regular basis to thrash out any problems and discuss plans for the future.

Every year there are about 250 people in B.C. who come into ICBC's intensive rehabilitation programs as a result of injuries suffered in car accidents. The victims may have been drivers, passengers or pedestrians.

Their injuries include blindness, paralysis of legs and arms, head injuries and severe orthopaedic conditions, such as limb amputation. The Corporation holds approximately $52 million in reserve for the rehabilitation needs of these people.

The objective of ICBC's rehabilitation thrust is to treat all victims with dignity and fairness in helping them regain productive roles in society. This may include physiotherapy and occupational training in addition to home renovations, motorized wheelchairs, and other special equipment that will enable them to live independently in the community.

Typical of ICBC's intense interest in the rehabilitation of disabled people, is the Corporation's participation in the achievement of "Creekview 202" – the new cooperative home for six young quadriplegic victims of spinal cord injury, who are dependent on wheelchairs and respirators.

Located in Vancouver's central False Creek area, this pioneering project was developed under the direction of the B.C. Division, Canadian Paraplegic Association. The home was officially opened by the Honourable W.R. Bennett, Premier of B.C., in September 1985. As the first endeavour of its kind anywhere in the world, to actually place seriously disabled people in a position of relative independence, it establishes the province and Vancouver as a world leader in the integration of physically disabled persons into the mainstream of society.

In addition to the remarkable improvement in life style for these young men, the move to cooperative apartment living has reduced the cost of support for each of them by about 50%.

All six tenants of "Creekview 202" were previously patients in a 25-bed ward at Vancouver's Pearson Hospital, where their stay extended from three to seventeen years. Although they are high in their praise for the care and treatment they received at Pearson, all six expressed the desire that motivated them to move out on their own. That was six years ago.

Today that dream has become a reality. Jamie Baab, one of the six at Creekview says, "Our quality of life has improved beyond expectations. This new style of living gives us independence and control of our lives. We are now able to make our own decisions – even if some of them may be wrong. At least we have a choice."

The men were involved in all of the decisions at every stage of the planning, construction and furnishing of their new home. Encompassing almost 500 square metres the apartment has six bedrooms for the men, and two for the 24-hour support staff, a computer room, an attractive comfortable living room, a large kitchen where the paramedical staff prepare meals, a specially equipped bathroom, and accommodation for visiting relatives from out-of-town.

Rob Dunfield in the spacious kitchen at "Creekview 202."

Cody Tressierra is excited about the new independence and special equipment that enables him to use a telephone, operate a TV set, go shopping, and entertain friends.

The six proud tenants of "Creekview 202" are:

James Baab, 21, who was injured in a tobagganing accident in 1977. His interests now include drawing, computer graphics, sports and social get-togethers.

Don Danbrook, 26, sustained his injuries in a six-foot fall off a porch in 1983. He is the only one of the six who is able to breath independently. Don has been successful in completing the Pearson Computer Centre Course and is now taking business courses at Langara College. He has found employment and will be going out to work soon.

Rob Dunfield, now 26, became quadriplegic at 19 as a result of a fall from a balcony that collapsed. Paralyzed from the neck down he has become an avid painter and pursues his interest in computers. Rob has completed Air Canada ticketing training and plans to enter the travel agency field.

Walter Lawrence, 34, sustained spinal cord injuries as the result of a diving accident 17 years ago. At the time of the accident he had planned to be a commercial pilot and still keeps abreast of events in the aircraft industry.

Walter has studied economics and directs a number of stock portfolios. He also has a grant to research accessing computers for the disabled.

Cody Tressiera, 25, became a respirator dependent quadriplegic at the age of 19 when an automobile in which he was a passenger was involved in an accident. Cody, from Quesnel, visits his family several times a year. He is studying Spanish and is working at oil painting.

Doug Van Koughnett, 28, was struck by a heavy falling object while working on a hydraulic lift in a welding operation in 1979. His special interests include spectator sports, automobiles and music.

Greater Vancouver

293,156 claims processed by Vancouver's ten Claim Centres in 1985, resulted in payments in excess of $283,722,000. ICBC grants paid in lieu of taxes in the Greater Vancouver area totalled about $2 million. Approximately 500 Autoplan agents serve motorists in the area.

Nanaimo

Students from Seaview school in Lantzville, examine a damaged vehicle in the "Read-A-Wreck" project. Truck driver Bill Hamilton points out some of the features of the accident.

A large volume of traffic and a high percentage of accidents involving injuries, make the Nanaimo Claim Centre a particularly busy one. Managed by Pat Johnson, the Claim Centre also serves the communities of Parksville and Qualicum Beach. Over 11,000 claims were processed by ICBC's 24 employees here in 1985, with settlements totalling more than $8 million.

An active community worker, Pat Johnson is a member of the Rotary Club, Knights of Columbus and Chamber of Commerce. On the Chamber's Traffic and Safety Committee, he was instrumental in introducing ICBC's Living Proof program which recognizes people who have escaped serious injury because they were buckled up.

With a local teacher, Pat helped to develop "Read-A-Wreck," a dramatic safety awareness project which brings damaged vehicles to the schools where students inspect the damage and try to determine the cause of the accident. All schools in Nanaimo have participated over the past two years.

Maintenance man Steve Yawney is another ICBC person who finds time for the community. Steve, the father of seven children, helps those less fortunate by assisting at the local Food Bank. He is shown here fixing taps for the bank.

Port Alberni

Port Alberni, located inland on Vancouver Island, has four large pulp and paper mills in the immediate vicinity. There are 19,643 Autoplan vehicles in the area, including hundreds of huge highway and off-road logging trucks required to supply the mills with logs from the surrounding forests.

The Port Alberni Centre with its staff of 8, also handles claims for the scenic communities of Tofino and Ucluelet on the Island's west coast. Twenty-eight Autoplan agents and their employees work in the area. Approximately 3,500 claims were settled in 1985 for over $2.7 million, much of this going to local residents for legal fees, medical care and bodyshop work.

Port Alberni RCMP Constable Richard Boyce and Rick Burnip, Claim Centre Manager, work together on truck safety programs for the many huge logging trucks in the area. All of these highway and off-road trucks are insured by ICBC.

Terry Stevens, Port Alberni Bodily Injury Adjuster, is a member of the Gyro Club which raises money to assist the youth of the area. Terry, who is also involved in musical theatre and sings in a choir, is seen at the Youth Centre purchased for the community by the Gyro Club.

Courtenay

Located in one of Vancouver Island's popular vacation and recreational areas, the Courtenay Claim Centre handles claims for 23,669 vehicle owners in the area. This includes the community of Powell River, across the Georgia Strait. Adding to the economic impact of approximately $5 million paid in claims in 1985, ICBC paid almost $500,000 in commissions to Autoplan agents in the area.

Courtenay, like all other claim centres is continually working to reduce the number of fraudulent 'hit-and-run' claims filed with the Corporation. In the past year, 'hit-and-run' claims have cost the motorists of B.C. more than $11 million.

Dan Mahony, ICBC Manager at Courtenay, and his staff work in cooperation with the local RCMP to establish the validity of these claims. To assist Autoplan policyholders, ICBC has issued a brochure on the procedures to follow "when you don't know who hit you." It advises that these claims must be reported to the police within 24 hours in urban areas, and within 48 hours in rural areas, and points out that failure to make a report in this time period could result in denial of the claim.

Special advertising campaigns have been featured in Courtenay and other communities, asking citizens to report immediately and wait at the scene for an officer to arrive. These campaigns have proved to be a significant deterrent to people making false claims.

RCMP Constable T.W. Stecyk inspects the evidence at the scene of a 'hit-and-run' incident in Courtenay.

Don Beeler, ICBC Adjuster at Courtenay, in the Cumberland Gym where he coaches basketball and floor hockey as part of the youth programs with which he is involved.

Matsqui

The ICBC Claim Centre at Matsqui serves B.C. motorists in a 3,496.5 square kilometre area of the heavily populated Fraser Valley which includes Abbotsford, Clearbrook and Mt. Lehman, on the main traffic artery from the East. In 1985, 16,808 claims were settled in Matsqui for a total of more than $13 million. ICBC has 33 people here and 10 Autoplan agents who employ another 60 people. The Corporation adds to this economic activity by providing work for some 50 bodyshops in the area, and paying a municipal grant in lieu of tax, $30,128 in 1985.

In addition to this substantial financial contribution, many ICBC employees devote time, talents and energy to community work. Vicki Mills and Daljit Thind, Entry Level Adjusters, are two such people. They have been extremely active in helping to organize the United Way appeal for the Central Fraser Valley. Their efforts have resulted in donations obtained in the Valley being used to benefit nine local organizations.

And Vicki finds time for children too. She has founded a "friendship club" for 14 children in her neighbourhood, who meet at her home once a week to learn crafts, play games or go on special outings.

Community involvement of another sort is initiated by Abbotsford agent Denis Lauze. He came up with an idea that reminds motorists to renew their insurance before it expires – a decal with the expiry date to be affixed to a prominent place on the dash.

Vicki Mills, at left, and Daljit Thind, Adjusters at the Matsqui Centre, have been busy organizing a United Way campaign for the Fraser Valley.

Autoplan agent Denis Lauze with his 'dash deck' renewal reminder.

Vernon

Gerry Deters, Manager of the Vernon Claim Centre, plays billiards with citizens at the Downs Residence.

Vernon, in the beautiful Okanagan Valley, is one of Canada's major tourist centres and has a steady stream of heavy traffic moving through the area many months of the year. The Vernon Claim Centre serves a vehicle population of about 65,000, encompassing the towns of Armstrong, Enderby, Edgewood and Lumby. The staff processed over 8,000 Autoplan claims in 1985, with settlements totalling about $5.5 million.

Both Claim Centre Manager, Gerry Deters, and Acting Supervisor Pat DeShane are very involved in community activities. As a member of the Rotary Club, Gerry heads a committee devoted to helping disabled people. Pat DeShane devotes extra time and effort to the world of hunters and wildlife. He is a former police officer and teaches a comprehensive course on the handling of firearms, safety and hunting regulations at the Vernon Campus of Okanagan College.

Pat DeShane, Acting Supervisor at Vernon, teaching firearm safety to Vernon students.

Quesnel

Many of Quesnel's ICBC employees are active in the community. Brian Haight, Senior Bodily Injury Adjuster, is a Cub leader and is shown here with another leader, RCMP Constable Wayne Treleaven, and three of the boys from their Wolf Cub Pack.

Quesnel, in the central interior of the province, is another of the areas where there are a great number of loggers using large size trucks to bring logs out to the mills and most of these vehicle owners carry Autoplan insurance. One of the serious problems with which Cal Boyce and other Claim Centre managers have to cope is vehicle vandalism, and trucks especially. Many of these big vehicles have price tags well into the six figure bracket and cost ICBC millions of dollars each year when they have to be written off due to malicious mischief. Cal and his staff work closely with the local police to cut down on these expensive occurrences and to apprehend those responsible.

Cal Boyce, Quesnel Claims Centre Manager, is standing in front of a large logging truck that was wrecked through vandalism. The vehicle, valued at close to $100,000, was deliberately run over a high embankment and was damaged so badly that it was declared a write-off.

Victoria

Unprecedented snowfalls turned the blossom capital of Canada into a motorist's nightmare in November, when Autoplan claims in Victoria reached record levels. At this time of year, the average number of damaged vehicles examined each day at the Victoria Claim Centre is about 100. In the aftermath of the snowfalls another 30 to 40 accidents added to this.

"Yes, we have some bananas, but they've all turned black," said Victoria Claims Manager Jack Bell in the frosty aftermath of the snowfalls that hit the B.C. Banana Belt in the winter of '85.

ICBC's DIAL-A-CLAIM system in Victoria and the Lower Mainland also broke records during this period when the normal average number of accident reports increased from about 1,300 a day to approximately 1,450. This accident report phone service which is available throughout the province, is mutually beneficial to the claimant and the Claim Centre. It enables a claimant to report the details of an accident immediately and permits the Claim Centre to complete the majority of the required paper work before the claimant arrives for a pre-arranged appointment. DIAL-A-CLAIM processed a total of 318,106 accident reports in 1985. The highest number recorded in one day was 2,172 on October 28.

With 31,825 claims in 1985, Victoria maintained one of lowest ratios of claims to vehicles in the province. Settlements totalled more than $23.3 million. Fifty-seven Autoplan agents serve motorists in the Greater Victoria area, where ICBC employs a staff of 67. The city received over $50,000 from the Corporation in lieu of taxes for 1985.

DIAL-A-CLAIM recorded 318,106 accident reports for the Lower Mainland in 1985. The highest number in one day was 2,172 on October 28.

Duncan

Duncan Bodily Injury Adjuster Lyn Bolton with one of her prize Arabian horses. She and her husband started with one mare in 1969 and now have six of these beautiful animals.

Ian Wood heads the 15 person Claim Centre at Duncan, which also handles claims for motorists of Lake Cowichan and Saltspring Island. Located on the main route of high volume Island traffic, the Centre responds to the accident situations of a constant passing parade of visitors to the area, as well as serving the needs of its own 17,500 vehicle population.

In addition to about $5 million in claim settlements, ICBC's financial impact in the area, included more than $500,000 paid in commissions to Autoplan agents in 1985.

Adjuster Lyn Bolton is a specialist in settling accident claims involving bodily injury, and works in cooperation with the medical and legal professions, independent adjusters, private investigators, law enforcement authorities and rehabilitation counsellors. She acquired the necessary self discipline, organizational ability and technical skills for her work in a special year-long training program.

After the demands of a busy day at work, she relaxes with her prize Arabian horses.

Fred Fraser, an Estimator at the Duncan Claim Centre, is a High Councilman for B.C. and Alberta with the IOOF fraternal organization. Fred and his lodge have worked hard to raise money for numerous Duncan community projects.

Trail/Nelson

John Henrickson, Estimator at the Trail Claim Centre, which also serves Nelson, Nakusp, New Denver and Slocan, has a very responsible position. Last year, this busy area just north of the U.S. border had 7,862 claims resulting in payments of $6.4 million.

Trail Claim Centre Manager, Rob Wotherspoon and Estimator John Henrickson inspect damage to a truck.

Trail is a good example of the vital role that ICBC's estimators perform in providing a high level of claim service to Autoplan policyholders. Estimators have many functions – they appraise motor vehicle damage, decide if the vehicle is economically repairable, consult with adjusters on the cause of the damage, negotiate repair methods and costs with auto repair firms and advise claimants on repairs.

ICBC's estimators are carefully selected and trained for these key positions in all Claim Centres. They must have a high school diploma, an aptitude for motor vehicle repairs and the ability to negotiate with technicians and to meet the public. Once accepted they must successfully complete a two year training program before they are allowed to go into the field.

In addition to the economic benefits gained by the region through the ICBC office, the staff give much of their spare time to a variety of beneficial community projects. Manager of the branch office at Nelson, George Anderson sets a good example with his involvement with the Nelson and District Home Support Services which provides activities for seniors, offers an outreach facility, and assists mentally handicapped persons.

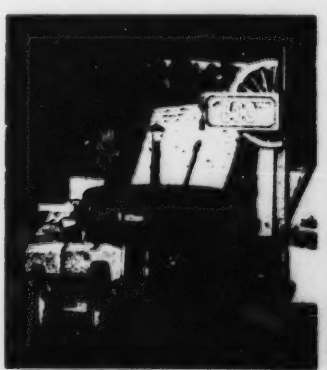
Jack McElree, owner of Ramp Body and Fender Works Ltd. at Nelson, works closely with ICBC personnel and is always proud to demonstrate his high tech Chart Combe Frame Straightener, the only one in the Kootenays. Classified as a triscan laser measuring system, it quickly straightens the frame and structure of unibody vehicles with total accuracy. "It's made working a lot more fun," says Jack.

Nelson Manager, George Anderson with one of the elderly ladies who works with ceramics at the Home.

Williams Lake/100 Mile House

Dave Mason, Claim Centre Manager at Williams Lake, is actively involved with police and community leaders in the Crimestopper program. The group which offers rewards for information leading to the apprehension of criminals, reports considerable success.

The rugged country around the interior community of Williams Lake and 100 Mile House is reflected in the record high percentage of claims for glass and windshield replacements in 1985. With a vehicle population of 12,747, the Claim Centre handled more than 2,900 claims for glass and windshield replacement at a cost of $590,800. Total number of claims for the area was 6,726; settlements totalled approximately $5 million.



ICBC maintains a presence and has significant economic impact in the smaller communities such as Williams Lake.

Investments

The investment fund of the Corporation works exclusively for the benefit of our policyholders and claimants. The fund consists of assets set aside to meet all outstanding claims as well as premiums received for future coverage and any surpluses that exist from time to time. At the end of 1985 the fund totalled $1.4 billion.

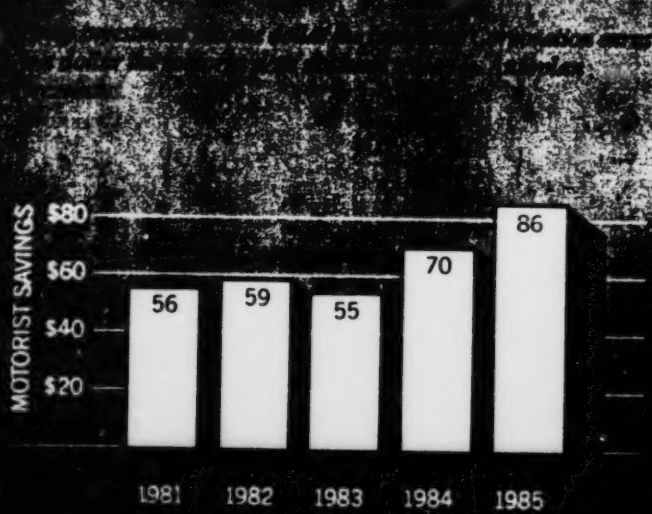
Investment income is returned directly to our policyholders in the form of a premium reduction. Investment income is generated from both within and outside the Province, but all of it is injected back into the B.C. economy. The total benefits of this program are widely distributed to [illegible] the Autoplan investment [illegible] saving an average of $[illegible] per policyholder.

The Corporation's 1985 average yield on investments was over 12%, including both interest income and capital gains. Interest rates were volatile, rising in the first quarter before declining over the balance of the year.

The Corporation invests in the short and medium term [illegible] financial institutions and [illegible] the highest

	[illegible]	%
Federal	1,078.2	79.3
Provincial – British Columbia	117.4	8.6
– Other	60.3	4.4
Municipal – British Columbia	23.8	1.8
Corporations – British Columbia	41.3	3.0
– Other	34.9	2.6
All Other	[illegible]	0.3
	[illegible]	100.0

Investment Income and the Policyholder



Autoplan Fund

Operations of the Insurance (Motor Vehicle) Act Fund for the year ended December 31, 1985, resulted in an income of $74 million. Total revenues including investment income of $158 million amounted to $901 million while claim costs and operating expenses totalled $827 million.

Net premiums written during the year were $761 million, $27 million higher than the previous year. Premiums earned were $742 million while the average premium for a policy processed was $371 compared to $361 in 1984. Policyholders' patterns of buying insurance coverage and deductible levels varied only slightly from 1984. Collision coverage was purchased by 49% of policyholders compared to 51% the previous year, representing a continuing decline over several years in the purchase of this coverage. Proportions of extension Third Party and Comprehensive coverage purchases remained virtually unchanged. However, the purchase of Underinsured Motorist Protection increased again with almost 60% of policyholders now buying this coverage. The trend away from low collision deductibles seems to have eased and levels remained similar to 1984.

The total cost of claims incurred in 1985 was $654 million compared to $660 million in 1984.

The number of physical damage claims increased in all four categories (Property Damage, Collision, Windshields and Comprehensive) and in each category the severity was marginally worse than in 1984. The overall reduction in claim costs for the year was the result of a decline in the average cost of prior period injury-related claims. The number of Bodily Injury and Death Benefit claims was reduced although there was a small increase in the number of Accident Benefit claims.

Claim operations expense totalled $65 million, an increase of 3% over the previous year.

Administrative expenses totalled $58 million, $5 million or 8% less than 1984. While the average number of administrative staff decreased by 54 employees, continuing a trend commenced in 1984, this was not the only reason for the decline in administrative costs. In 1984 the Corporation set aside $8 million to cover 1984 and prior outstanding receivables. This amount has proved adequate to date and in the current year no comparable special amount is required.

Commission expense increased by 6% to $51 million reflecting the increase in total net premiums written during the year, increases in commission rates and the first full year where independent Autoplan agents have handled business formerly conducted by Motor Licence Offices where no commission applied.

12 Months Ended December 31, 1985

AUTOPLAN INCOME

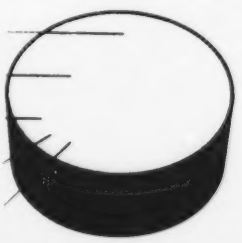
	$Millions	%
Vehicle premiums earned	723.4	80
Driver premiums earned	18.9	2
Investment Income	158.4	18
	$900.7	100

AUTOPLAN INCOME USE

	$Millions	%
Claims incurred	653.9	73
Claims operations costs	64.9	7
Administrative costs	57.7	6
Commissions	50.7	6
Sub-total	827.2	92
Income for the year	73.5	8
	$900.7	100

VEHICLE PREMIUMS WRITTEN BY CATEGORY

	$Millions	%
Private passenger	552.0	74
Light commercial	105.5	14
Heavy commercial	48.0	6
Recreational	25.7	4
Special coverage	13.5	2
	$744.7	100



AUTOPLAN CLAIMS INCURRED

	$Millions	%
Bodily injury	349.8	54
Accident benefits	41.8	6
Sub-total	391.6	60
Property damage	107.6	16
Collision	88.0	13
Comprehensive and other	66.7	11
Sub-total	262.3	40
	$653.9	100

Unpaid Claims

Unpaid claims includes a provision for reported and unpaid claims and related expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included is an estimate for unreported claims.

Year	*($ Millions)*
1981 and prior	$104.5
1982	95.2
1983	182.0
1984	263.4
1985	445.9
Total unpaid claims at December 31, 1985	$1,091.0

Five Year Comparison

	Year Ending December 31				
	1985	1984	1983	1982	1981
AUTOPLAN INSURANCE					
Policies in force at year end	1,842,000	1,834,000	1,833,000	1,821,000	1,873,000
Policies processed	2,040,000	2,019,000	2,026,000	2,002,000	2,115,000
Premium income ($000)	742,000	715,000	695,000	658,000	562,000
Average premium ($)	371	361	353	345	296
Claims reported during year	482,000	448,000	447,000	519,000	440,000
Cost of claims incurred ($000)	654,000	660,000	626,000	609,000	553,000
Expense ratio %	15	15	15	14	13
Investment income ($000)	158,000	128,000	101,000	109,000	103,000
Investments at year end ($000)	1,360,000	1,126,000	872,000	703,000	647,000
Unpaid claims ($000)	1,091,000	952,000	762,000	624,000	578,000
Total assets ($000)	1,530,000	1,290,000	1,064,000	897,000	837,000
Income (Loss) ($000)	73,500	9,600	3,100	(400)	600
Average number of employees	2,310	2,366	2,592	2,684	1,406*

* For 5 months of 1981 about 2,200 employees were involved in a labour dispute with the Corporation.

Certain data has been restated to reflect the retroactive application of a change in accounting policy.

Insurance (Motor Vehicle) Act Fund
Statement of Operations

Year Ended December 31, 1985

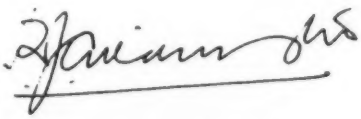
	1985	1984
	($ Thousands)	
Revenue		
Vehicle premiums written	$744,662	$713,295
Driver premiums written	16,203	20,994
	760,865	734,289
Vehicle premiums earned	723,445	693,456
Driver premiums earned	18,927	21,798
	742,372	715,254
Claim costs		
Claims incurred	653,883	660,353
Claim operations expense	64,908	63,130
	718,791	723,483
Expenses		
Administrative	57,678	62,550
Commissions	50,726	47,689
	108,404	110,239
Total claims and expenses	827,195	833,722
Underwriting loss	84,823	118,468
Investment income (Note 6)	158,385	128,032
Income for the year	73,562	9,564
Unappropriated surplus – beginning of year, as restated (Note 6)	17,328	7,764
Appropriation to:		
Catastrophe Reserve (Note 7)	(20,000)	–
Rate Stabilization Reserve (Note 7)	(60,000)	–
Unappropriated surplus – end of year	$ 10,890	$ 17,328

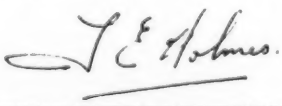
Balance Sheet

As At December 31, 1985

	1985	1984
	($ Thousands)	
ASSETS		
Cash in hands of agents	$ 3,571	$ 1,496
Investments (Note 3)	1,359,802	1,125,965
Accrued interest receivable	38,962	29,843
Accounts receivable	21,634	25,155
Deferred premium acquisition expenses	22,290	17,830
Property and equipment (Note 4)	83,246	89,284

Approved by the Board:

Director: 

Director: 

	$1,529,505	$1,289,573

	1985	1984
	($ Thousands)	
LIABILITIES		
Cheques outstanding	$ 9,203	$ 5,596
Accounts payable and accrued charges	17,599	23,030
Due to Motor Vehicle Department	4,294	1,186
Due to the Province of British Columbia (Note 5)	8,694	–
Deferred investment gains and losses (Note 6)	8,848	5,078
Premiums in advance	21,542	18,181
Unearned premiums	277,477	258,984
Unpaid claims	1,090,958	951,812
	1,438,615	1,263,867
INSURANCE (MOTOR VEHICLE) ACT FUND SURPLUS		
Catastrophe Reserve (Note 7)	20,000	–
Rate Stabilization Reserve (Note 7)	60,000	–
Unappropriated	10,890	17,328
	90,890	17,328
RETAINED EARNINGS (Note 5)	–	8,378
	$1,529,505	$1,289,573

Statement of Changes in Financial Position

Year Ended December 31, 1985

	1985	1984
	($ Thousands)	
Operating Activities		
Cash received from:		
Agents for vehicle and driver premiums, licence fees and social service taxes	$ 947,117	$ 898,650
Investment income	152,864	130,314
Collections	37,197	68,843
Salvage sales	13,319	12,765
All other sources	1,233	–
	$1,151,730	$1,110,572
Cash paid to:		
Claimants or third parties on behalf of claimants	$ 544,571	$ 520,290
Province of British Columbia for licence fees and social service taxes collected	134,331	133,160
Suppliers of goods and services	72,274	67,213
Employees for salaries and benefits	69,037	71,181
Agents for commissions	54,514	51,915
Policyholders for premium refunds	44,698	40,563
All others	–	9,304
	$ 919,425	$ 893,626
Net increase in cash and investments from operating activities	$ 232,305	$ 216,946
Other Activities		
Proceeds from sale of general insurance operations	–	9,000
Change in cash and investments during the year	232,305	225,946
Cash and Investments – beginning of year	1,121,865	895,919
Cash and Investments – end of year	$1,354,170	$1,121,865
Represented by:		
Cash in hands of agents	3,571	1,496
Investments	1,359,802	1,125,965
Cheques outstanding	(9,203)	(5,596)
	$1,354,170	$1,121,865

Notes to Financial Statements

December 31, 1985

1. STATUS OF THE CORPORATION

The Insurance Corporation of British Columbia (the Corporation) is a Crown corporation incorporated under the Insurance Corporation Act, R.S.B.C. Chapter 201. The Corporation has the power and capacity to act as an insurer and reinsurer in all classes of insurance. The Corporation also operates and administers the Insurance (Motor Vehicle) Act Fund.

The revenues and expenses attributable to the operations of this Fund are required, by legislation, to be reported separately from other operations of the Corporation, if any.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting
The Insurance Corporation Act requires the financial statements of the Corporation to be in accordance with generally accepted accounting principles, the more significant of which are noted below.

Investments and Investment Income
Investments are carried at amortized cost. Premiums or discounts on bond purchases are deferred and amortized over the term to maturity of each bond.

Income on interest bearing securities is accrued on a daily basis. Gains and losses on sales and securities are deferred and amortized over the shorter of the term to maturity of the security sold and 60 months.

Deferred Premium Acquisition Costs
Commissions are expensed over the terms of the insurance policies to which they relate.

Depreciation and Amortization
Depreciation is provided on a straight-line basis commencing in the month following that in which assets are placed in service, at rates which will depreciate the original cost over the useful life of each asset. Leasehold improvements are amortized over the term of each lease plus the first renewal period where appropriate.

Unearned Premiums
Unearned premiums is that portion of premiums that relates to the unexpired term of each vehicle policy or driver's point penalty premium.

Unpaid Claims
Unpaid claims includes a provision for reported and unpaid claims and related expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included is an estimate for unreported claims.

Prior Year's Figures
Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

3. INVESTMENTS

	Dec. 31, 1985		Dec. 31, 1984	
	Cost	Market	Cost	Market
	($ Thousands)			
Short-term deposit receipts, call loans and notes	$ 148,423	$ 148,423	$ 181,146	$ 181,146
Bonds	1,211,379	1,324,265	944,819	948,139
	$1,359,802	$1,472,688	$1,125,965	$1,129,285

4. PROPERTY AND EQUIPMENT

	Dec. 31, 1985			Dec. 31, 1984
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	($ Thousands)			
Land	$ 13,558	$ –	$13,558	$14,286
Buildings	72,828	20,238	52,590	55,924
Furniture and equipment	31,536	14,731	16,805	11,368
Computers under capital lease	–	–	–	7,474
Leasehold improvements	843	550	293	232
	$118,765	$35,519	$83,246	$89,284

Depreciation has been charged at the following rates – buildings 5-10%; furniture and equipment 10-50%.

Depreciation expense for the year ended December 31, 1985 amounted to $10,349,000 (1984 – $9,696,000).

5. DUE TO THE PROVINCE OF BRITISH COLUMBIA

The general insurance operations of the Corporation were discontinued at the end of 1984 and the assets and liabilities were transferred to a subsidiary company which was sold February 18, 1985. Retained earnings at December 31, 1984 reflect the result of this sale.

During the year the Corporation earned $316,000 on funds associated with its former general insurance operations which resulted in retained earnings of $8,694,000 before distribution.

Subsequent to December 31, 1985 the Corporation has been directed by Order in Council to pay the retained earnings of $8,694,000 to the Province of British Columbia and has reflected this amount as a liability as at December 31, 1985 in accordance with the requirements of the Insurance Corporation Act.

6. CHANGE IN ACCOUNTING POLICY

During the year the Corporation changed its method of accounting for gains and losses on sales of securities. Previously such gains and losses were fully recognized in income as they occurred, whereas they are now deferred and amortized over the shorter of the term to maturity of the security sold and 60 months.

As a result of this change, which has been applied retroactively, the balance of the unappropriated surplus at January 1, 1985 has been reduced by $5,078,000 representing the cumulative amount of the gains and losses deferred to that date. The income for 1984 has been reduced by $298,000. The remaining $4,780,000 is applicable to years prior to January 1, 1984 and the balance of unappropriated surplus at that date has been restated accordingly.

Had the Corporation not made this change in accounting policy its investment income for the year would have increased by $3,770,000.

7. INSURANCE (MOTOR VEHICLE) ACT FUND SURPLUS

During the year the Corporation appropriated, from the Insurance (Motor Vehicle) Act Fund surplus, $20 million to a catastrophe reserve and $60 million to a rate stabilization reserve. The catastrophe reserve has been established, in accordance with industry practice, to provide financial and reinsurance stability. The rate stabilization reserve has been established to lessen the impact on premiums arising from significant variations in claims loss experience in future years.

8. REINSURANCE

The Corporation underwrites and reinsures policies of insurance which, in the main, limit the liability of the Corporation to the maximum amount on any one loss of $2,200,000. In addition the Corporation has obtained reinsurance providing coverage to $80,000,000 which limits the Corporation's liability to $2,500,000 in the event of a series of claims arising out of a single occurrence. These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer.

9. PENSION PLANS

Certain employees participate in contributory pension plans and are entitled to vested benefits prior to retirement.

Employees contribute a specified percentage of salaries to the Fund. The Corporation contributes all amounts as actuarially determined, over and above employee contributions, to fund the benefits earned by employees under the plans.

The Fund is subject to an actuarial evaluation at least once in every three years. The most recent evaluation, effective December 31, 1985, determined the plans to be adequately funded.

Contributions by the Corporation for the year ended December 31, 1985 were $2,929,000 (1984 – $3,429,000).

10. RELATED PARTY TRANSACTIONS

The Corporation is the sole provider of compulsory automobile insurance in British Columbia and, therefore, insures vehicles owned or leased by the government of the province and its controlled entities. The Corporation also acts as agent for the Motor Vehicle Department regarding the collection of motor vehicle licence fees and the Ministry of Consumer and Corporate Affairs regarding the collection of the social service taxes on privately sold used vehicles.

Auditors' Report

The Honourable James A. Nielsen
Minister of Human Resources
Province of British Columbia

We have examined the balance sheet of the Insurance Corporation of British Columbia as at December 31, 1985 and the statements of operations of the Insurance (Motor Vehicle) Act Fund and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1985 and the results of its operations of the Insurance (Motor Vehicle) Act Fund and the changes in financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for realized gains and losses on sales of securities as explained in Note 6 to the financial statements, on a basis consistent with that of the preceding year.

Touche Ross & Co.

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
February 24, 1986

Board of Directors

F. David Radler

Donald N. Watson

Standing left to right: Thomas E. Holmes, W. Robert Wyman, Raymond J. Addington.

Seated left to right: Lawrence B. Eberhardt, Walter H. Dyck, Isabelle Chisholm, Hon. James A. Nielsen.

Raymond J. Addington (*)
Chairman of the Board
President
Kelly, Douglas and Company Limited

Thomas E. Holmes (*)
President and Chief Executive Officer

The Honourable James A. Nielsen (*)
Minister of Human Resources
Province of British Columbia

Isabelle Chisholm (††)
President
Chisholm Industries Limited
Vancouver, B.C.

Walter H. Dyck (**) (†)
Chairman
Pannell Kerr Forster,
Chartered Accountants
Vancouver, B.C.

Lawrence B. Eberhardt (**) (†)
Cobble Hill, B.C.
Formerly Chairman, President and
Chief Executive Officer
Neon Products Canada Ltd.

F. David Radler (*) (**) (††)
President
Sterling Newspapers Ltd.
Vancouver, B.C.

Donald N. Watson (†)
Consultant
B.C. Resources Investment
Corporation
Vancouver, B.C.

W. Robert Wyman (*) (†) (††)
Chairman
Pemberton Houston Willoughby Inc.
Vancouver, B.C.

MAJOR COMMITTEES
OF THE BOARD
(*) Executive Committee
(**) Audit Committee
(†) Budget Committee
(††) Investment Committee

President's Committee

T.E. Holmes
President and Chief Executive Officer

J.W. Bardua
Vice-President, Claims Operations

M.B. McCarthy
Vice-President, Insurance Operations

D.J. McLean
Vice-President, Information Services

B.F. Pearson
Vice-President, Claims Technical

C.B. Penhall
Manager, Public Information

R.H. Power
Vice-President, Finance and Planning

H.G. Reid
Vice-President,
General Counsel and Secretary

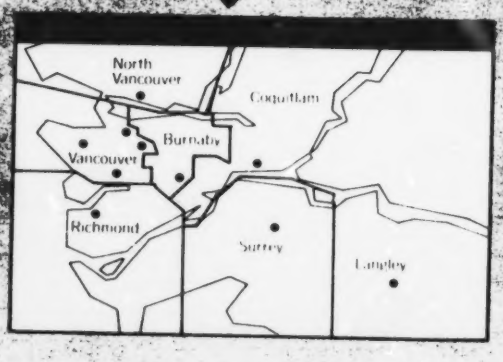
Burnaby
Chilliwack
Coquitlam
East Vancouver
Kingsway
Langley
Matsqui
North Vancouver
Powell River
Richmond
South West Marine
Surrey
West Broadway

Campbell River

Dawson Creek
Fort St. John
Prince George
Prince Rupert
Smithers
Terrace

100 Mile House
Quesnel
Williams Lake

Kelowna
Penticton



ADMINISTRATIVE OFFICE: 151 West Esplanade, North Vancouver, B.C. V7M 3H9
AUDITORS: Touche Ross & Co., Chartered Accountants, Vancouver, B.C.
BANKER: The Royal Bank of Canada, Vancouver, B.C.